



## North American Energy Standards Board

1301 Fannin, Suite 2350, Houston, Texas 77002

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**TO:** NAESB Wholesale Electric Quadrant Market Operations Subcommittee, Posting for Interested Industry Participants

**FROM:** Meghan McMillan, NAESB Staff

**RE:** Final Minutes from the NAESB Wholesale Electric Quadrant Market Operations Subcommittee Meeting – May 7, 2003

**DATE:** May 13, 2003

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**Wholesale Electric Quadrant  
Market Operations Subcommittee  
May 7, 2003 (10:00am – 3:00pm Central)  
Final Minutes**

### 1. Welcome

Mr. Oberski opened the meeting. Mr. Oncken gave the antitrust advice. Introductions were made in the room and on the phone.

### 2. Adoption of Agenda

The agenda was approved by consent as written.

### 3. Approval of Draft MOS Minutes

Mr. Oberski asked for modifications to the March 6, 2003 draft minutes. It was noted the redline change to the minutes should be accepted. There were no additional changes made to the draft minutes. Mr. Johnson moved, seconded by Mr. Cox to adopt the redlined draft minutes from March 6, 2003. Upon a procedural vote the minutes were adopted as modified.

### 4. Electronic Trading Task Force (ETTF)

#### - Update of Task Force Activities

Mr. Johnson gave the update for the Electronic Trading Task Force (ETTF), and referred participants to the ETTF report and proposed definitions posted on the NAESB web site as work papers for this meeting. He stated the task force has been directed to develop definitions for Trading Day and Operating Day and to work towards developing standard requests for MOS consideration. The three requests under development in the task force are as follows: Standardization of an Energy Time Zone, Standardization of a "Day Ahead Trading Period" and Standardization of Power and Gas Day Timings. Mr. Johnson noted the task force has not addressed the Power and Gas Day Timings request because information is still being gathered on this subject. He stated Mr. Walker will give a presentation on this topic related to the gas side that will further inform subcommittee and task force participants about this issue.

Mr. Yeung asked if the standards requests will be sent to the Joint Interface Committee (JIC). Mr. Johnson stated the first two requests mentioned above will eventually go to the JIC, and if the task force is able to complete the Power and Gas Day Timings request, it will go to the JIC as well. Mr. Yeung noted NERC is investigating issues concerning power and gas day timing and suspects that if this request goes to the JIC there will be questions about how NERC is approaching this issue. Mr. Yeung asked if there is a need to communicate with NERC about what NAESB is doing. Mr. Johnson stated no specific communication is necessary, but added NERC representatives are welcome to participate in the task force meetings and task force work papers and minutes are



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posted. Mr. Oberski suggested any standards requests coming out of the task force should be approved by the MOS before being sent on to the JIC.

Ms. Paravalos voiced concerns about the level of detail in the requests, which will be sent to the JIC in a month, and suggested documentation should be included with the standards requests to make sure the JIC is informed of the work that the task force has done on these issues. It is expected that the request will provide sufficient detail to describe the types of standards to be developed. The request will not be so proscriptive that it would prevent the assigned task force from developing the needed standards; however, it would be proscriptive in describing the types of standards to be developed and the purpose of those standards.

### - Gas Day Development

Mr. Walker gave a presentation on GISB's gas day standards development, which is posted on the NAESB web site as a work paper for this meeting. He suggested the electric group think about using the 9 - 9 Gas Day time frame. He reviewed how GISB developed the Gas Day that exists in NAESB standards today and the advantages to using the gas day standard. Mr. Walker detailed the following list of things to consider while developing the electric standard:

- What's driving electricity and gas to have the same 'DAY'?
- Timing - When is the benefit?
- Maintain operational safety
- Minimize impact to staffing
- Minimize impact to shippers
- Minimize maintenance impact per day
- Keep it reasonable to all muffins.

Mr. Walker noted the Gas Day standard has been unsuccessfully challenged three times.

Mr. Oberski thanked Mr. Walker for his presentation. Mr. Walker answered questions on his presentation and the gas day standard. Mr. Reed asked Mr. Walker to explain the challenges that were brought up for the Gas Day standard. Mr. Walker noted there were some pipelines who opposed it from the beginning and there were also local distribution companies (LDCs) who challenged the Gas Day standard. There were also large companies that challenged the standard after considering the cost of the necessary changes. Mr. Walker noted everyone had to implement changes when this standard went into effect.

Mr. Schwermann noted the ETTF has struggled with the issues Mr. Walker identified during his presentation. He stated standard electric transactions take place on a standard day, and asked if the Gas Day is an operational day and trading day combined. Mr. Schwermann also noted the standardization of the electric trading day is defined by the parameters of scheduling power on lines, and he asked about some of the difficulties the gas quadrant faced when developing their standard. Mr. Walker answered that a major difficulty the gas side faced was convincing those sections of the industry that were impacted the most to agree to the standard - but the FERC had earlier noted that this was a standard that they wanted to see developed. He also noted that the gas operational and trading day are the same. Mr. Yeung asked if there are differences between how the retail and wholesale gas industries implement this standard. Mr. Walker responded that the retail industry does have the capability to use this standard, but its use is typically transparent to the users.



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### **5. Inadvertent Interchange Payback Task Force (IIPTF)**

Mr. Goss gave the update on the Inadvertent Interchange Payback Task Force (IIPTF) from the report posted on the NAESB web site. The report summarized the progress of the task force from its conception. Mr. Goss noted that since the last MOS meeting the task force was tasked to develop a standards request, which was presented to the MOS on March 6 and sent to the JIC on March 21. The JIC reviewed the standards request and referred it back to NAESB and to the IIPTF for standards development. He stated the IIPTF held a conference call on March 31, and a meeting on April 9 and April 29. Additionally, he said a subsequent meeting has been scheduled for May 8.

Mr. Goss stated, for the May 8 meeting, the IIPTF will work through a report drafted by Mr. Illian which addresses inadvertent pricing and the list of IIPTF issues identified during the April 9 meeting. Mr. Goss informed the subcommittee that the task force agreed the official record of the meetings would be the minutes and any other papers provided would be work papers and not the official record of the meeting.

Ms. Paravalos asked if the task force was considering the existing structures and practices concerning inadvertent, how the new ones might fit in with market rules and procedures during implementation and to what extent the task force has gained RTO participation. Mr. Goss stated the issues Ms. Paravalos identified are probably out of the scope of the IIPTF, and added that the task force is looking at the inter-RTO issue and considering each RTO as a different control area. Mr. Terelmes added MISO will be broken into zones and each zone will have its own inadvertent settlement process and the assumption this task force is operating under is that there is a current method for settling inadvertent and the IIPTF is trying to develop a standard that augments this method with a monetary procedure.

### **6. Seams Task Force**

Ms. Perlman gave the update for the Seams Task Force. Mr. Cox, Mr. Rosignoli (elected chair) and Ms. Perlman volunteered to work on this task force and the first meeting took place on April 28. She reported the task force, as a preliminary matter, decided to create a matrix of procedures currently in place in the various RTOs to help evaluate seams issues. No future meetings have been scheduled for the Seams Task Force, but participants will continue to gather and consolidate data for the matrix. Ms. Perlman stated the task force has posted a document which lists the items the task force will be addressing.

### **7. Electronic Scheduling Collaborative Transition (ESC)**

Mr. Johnson gave a review of the Electronic Scheduling Collaborative (ESC) Transition meeting. Ms. Paravalos asked about the progress made in the transition of ESC work to NAESB. Mr. Johnson stated a schedule has been established for the ESC's activities and the next step is finalizing the transition plan with a goal to accomplish the finalization by May 30 after which there will be a review and comment period. It is expected that there will be a vote on the deliverables on the transition plan by Sept 29 or 30. The products and information gathered by the ESC group will be presented to NAESB, RTO/ISO Council and NERC. Mr. Johnson added there is still some confusion about the JIC's responsibility concerning this issue.

Mr. Reed asked if the items that are delivered from the ESC will be assigned to the MOS subcommittee, the Seams Task Force or the Standards Review Subcommittee. Mr. Johnson responded this was still being discussed. He noted NAESB will need to decide what aspects of the plan belong in NAESB subcommittees and direct those items accordingly. Mr. Oberski stated the items NAESB receives from this group will most likely go to Triage where they will be assigned to a quadrant (probably the WEQ) and that quadrant will assign them to a subcommittee/task force.



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Ms. McQuade noted that the JIC acts upon requests sent to it from NERC or NAESB. The MOU does not contemplate requests sent to it by other bodies such as the ESC.

### 8. CIPAG/PKI Task Force

Mr. Oberski noted that the MOS has not developed a task force for Annual Plan Item 4(h) (Review activities of NERC CIPAG in light of NERC-NAESB MOU regarding cyber security requirements for their business practice and system communication standards implications.), and suggested the NAESB Office solicit task force volunteers via email. Mr. Oberski noted that the following individuals expressed interest in this task force at the first MOS subcommittee meeting: Tim Gallagher, Don Benjamin, Larry Brown, Paul Sorenson, Wally Johnson, Barbara Rehman, and possibly Jim Buccigross. Ms. McQuade stated NAESB talked with NERC about these issues and asked NERC representatives to contribute to our efforts concerning this item. NERC agreed to conduct a work shop some time in mid-June in DC where they would bring us up to date on PKI (Public Key Infrastructure) and Critical Infrastructure Protection Action Group (CIPAG).

### 9. White Paper - Wholesale Power Market Platform

Ms. Paravalos gave a presentation entitled "Report to NAESB WEQ Market Operations Subcommittee: FERC Wholesale Market Platform," which is posted on the NAESB web site. She noted the white paper was issued to give interested individuals more opportunity to comment, and there is still some uncertainty regarding the composition of the regional state committees.

Ms. Schwermann stated there are a couple of big issues; one of them being the regional issues. For example the regional system makes it difficult for NAESB to develop a standard trading day. Ms. Paravalos responded if NAESB is able to develop a standard that improves industry procedure, it will not be hard to convince the industry to adopt the standard and implement the necessary changes.

### 10. Calendar of Meetings

Mr. Oberski noted the next meeting is scheduled for July 9, 2003 (location to be determined), with the meetings of other WEQ subcommittees occurring on adjoining days. It was noted the next WEQ EC meeting is scheduled for Tuesday, June 3, 2003 and the next JIC meeting is scheduled for June 2, 2003.

### 11. Other Business

Mr. Lawson suggested including a discussion of subcommittee breakdown and task assignments on the agenda for the next EC meeting. Mr. Johnson stated the EC might discuss reassigning annual plan item 4(c) (Establish standard business practices relating to: i) Definition and treatment of firm/nonfirm power; ii) Definition and treatment of firm/nonfirm transmission; iii) Provision of reserves for transactions across multiple control areas.), possibly assigning it to the Seams Task Force. Ms. Perlman stated these issues are referred to as seams issues. Mr. Oberski asked Ms. Perlman to look at item 4(c) and determine whether it belongs to ETTF or Seams.

### 12. Adjourn

Mr. Oberski adjourned the meeting at 2:35 p.m. Central.

### 13. Attendees

Name	Company	In Person/Phone
Benjamin, Don	NERC	Phone
Bissonnette, Victor	Hydro-Quebec TransEnergie	In Person



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<b>Name</b>	<b>Company</b>	<b>In Person/Phone</b>
Carrado, Regina	Exelon	Phone
Cox, Phil	AEP	In Person
Fidrych, Mark	Western Area Power Admin.	Phone
Frazier, Doug	Chelan PUD	In Person
Goss, Bob	SEPA	In Person
Gabiak, Terri	Alleghany Power	Phone
Hicks, Paul	Progress Energy	Phone
Horn, Linda	Wisconsin Electric Power	Phone
Jackson, Gary	Tennessee Valley Authority	Phone
Johnson, Alan	Mirant	In Person
Lawson, Barry	NRECA	Phone
Ling-Nicole, Cecelia	Alleghany Energy Supply	Phone
McMillan, Meghan	NAESB	In Person
McQuade, Rae	NAESB	In Person
Murrey, Sandy	WE Energy	Phone
Oberski, Lou	Dominion	In Person
Oncken, Todd	NAESB	In Person
Paravalos, Mary Ellen	National Grid	In Person
Perlman, Marjorie	Energy East	In Person
Reed, Tony	Southern Company	In Person
Rehman, Barbara	Bonneville Power	Phone
Robert, Lisa	Defense Energy Support Center	Phone
Robertson, Barbara	OPG	In Person
Schwermann, Bob	SMUD	In Person
Scott, Gordon	NERC	Phone
Slick, Dave	Salt River Project	Phone
Smith, William	Allegheny Power	Phone
Tam, Simon	PJM	Phone
Terelmes, Steve	Ameren Energy	In Person
Walker, Norm	El Paso Corporation	In Person
Weathers, Wendy	Salt River Project	Phone
Yeung, Charles	Reliant Energy	In Person

<sup>i</sup> All referenced work papers for this meeting can be found on the NAESB web site at [http://www.naesb.org/weq\\_market\\_operations.htm](http://www.naesb.org/weq_market_operations.htm).